

DEPARTMENT OF LABOR AND INDUSTRY

An Agency Profile Prepared by the
Legislative Fiscal Division

November, 2016

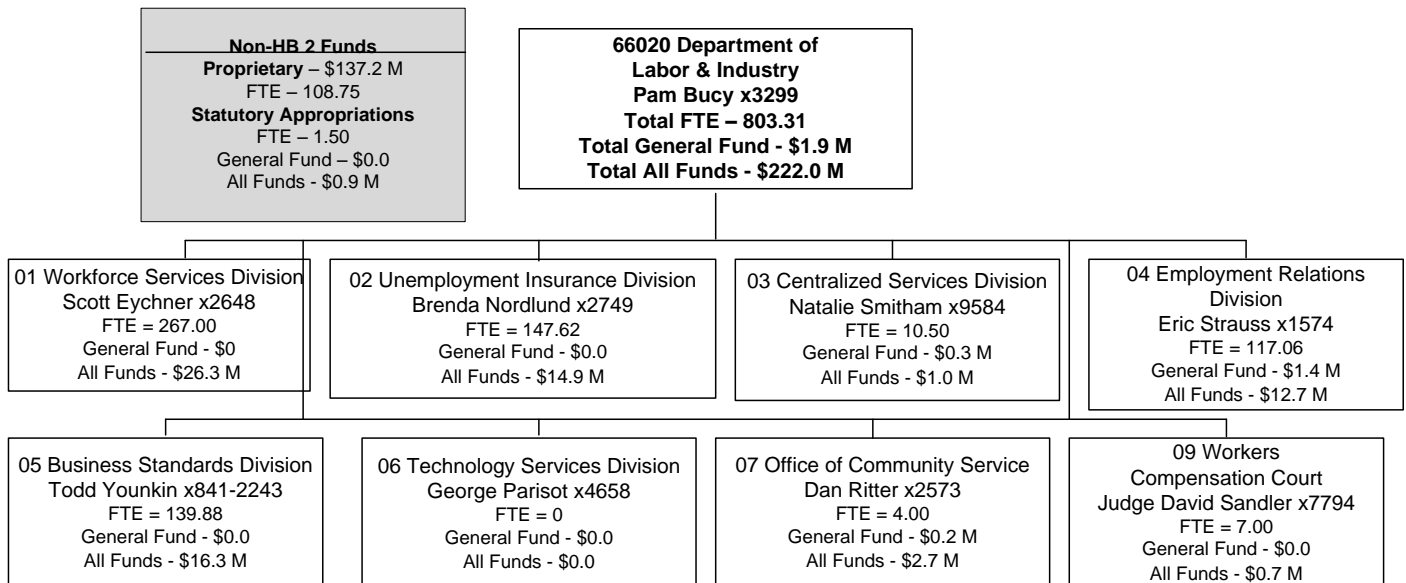


INTRODUCTION

The mission of the Department of Labor and Industry (DOLI) is to promote the well-being of Montana's workers, employers, and citizens, and to uphold their rights and responsibilities. DOLI has a number of functions, which in part include:

- Serving as an employment agency, providing job training to assist individuals in preparing for and finding jobs, and assisting employers in finding workers
- Overseeing federal and state training and apprenticeship programs
- Conducting research, collecting employment statistics and collecting, analyzing and providing workforce and career information
- Administering the unemployment insurance program and disbursing state unemployment benefits
- Enforcing state and federal labor standards, anti-discrimination laws, and state and federal safety-occupational health laws
- Providing adjudicative services in labor-management disputes
- Licensing, inspecting, testing, and certifying all weighing or measuring devices used in making commercial transactions in the State of Montana
- Providing administrative and clerical services to professional boards and occupational licensing programs authorized by state statutes
- Establishing and enforcing minimum building codes
- Administering the federal AmeriCorps, Campus Corps, and Volunteer Montana programs through the Office of Community Services
- Overseeing and regulating the Montana Workers' Compensation system

Below is an organizational chart of the department, including full-time employee (FTE) numbers and the HB 2 base general fund appropriations and the total of all funds. Unless otherwise noted, all phone extensions are preceded by (406) 444.



HOW SERVICES ARE PROVIDED

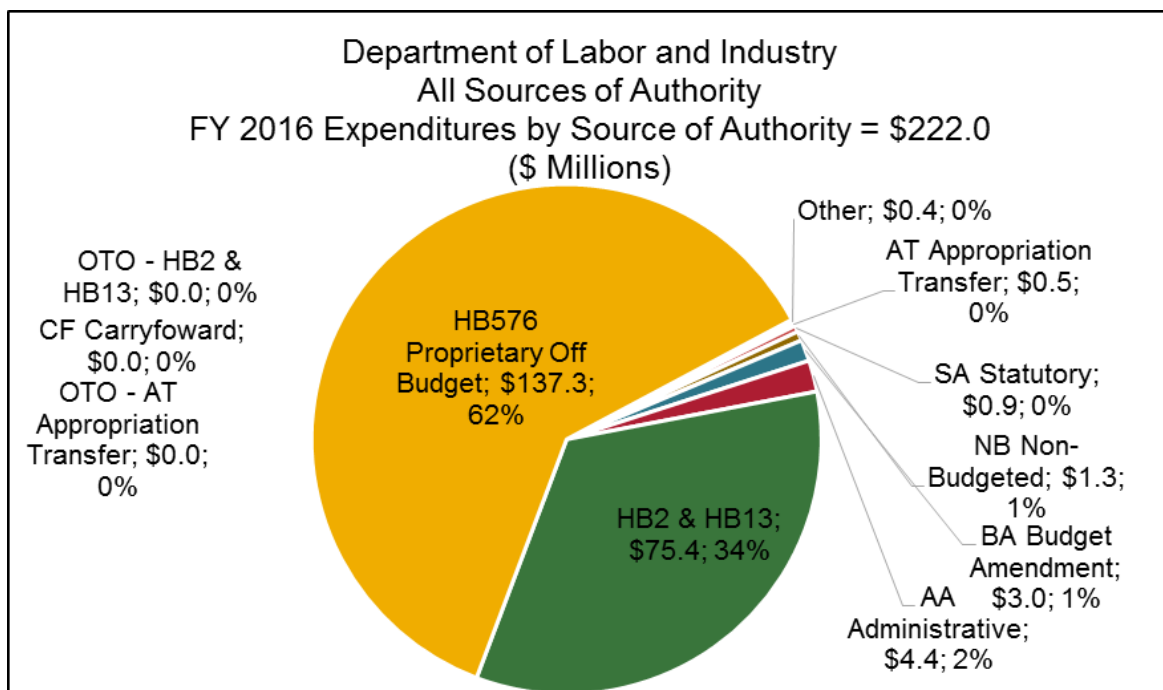
The Department of Labor and Industry:

- Provides both federal- and state-funded employment and training programs
- Administers state unemployment insurance law and related federal programs through which benefits are paid, responds to inquiries concerning claims, collects employer contributions, and adjudicates disputed benefit claims

- Hears appeals concerning the administration of Montana unemployment insurance law and employer/employee relationships (Board of Labor Appeals)
- Regulates workers' compensation insurance requirements, administers the contractor registration and independent contractor exemptions functions, assists with settlements of disputed workers' compensation claims, enforces state and federal labor laws related to payment of wages, conducts mediation of collective bargaining contracts, hears disputes regarding both labor relations and wage and hour issues, enforces state and federal industrial safety laws, and investigates and resolves complaints of illegal discrimination
- Establishes and enforces minimum building, plumbing, mechanical, electrical, energy, elevator, and boiler codes
- Licenses and regulates persons and businesses engaged in specific professions and occupations
- Licenses, inspects, tests, and certifies all weighing and measuring devices used in commercial transactions

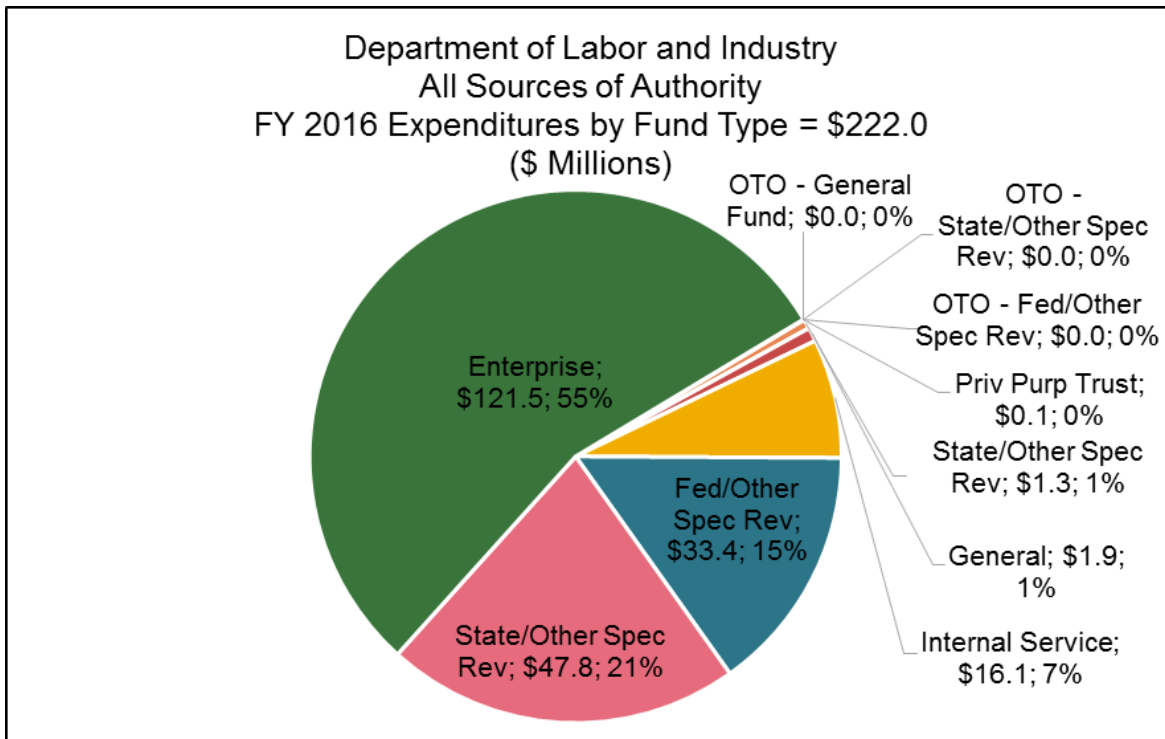
SOURCES OF SPENDING AUTHORITY

The chart below shows the sources of authority for the Department of Labor and Industry that were expended in FY 2016. DOLI receives nearly all of its spending authority from proprietary funds, HB 2 and the pay plan.

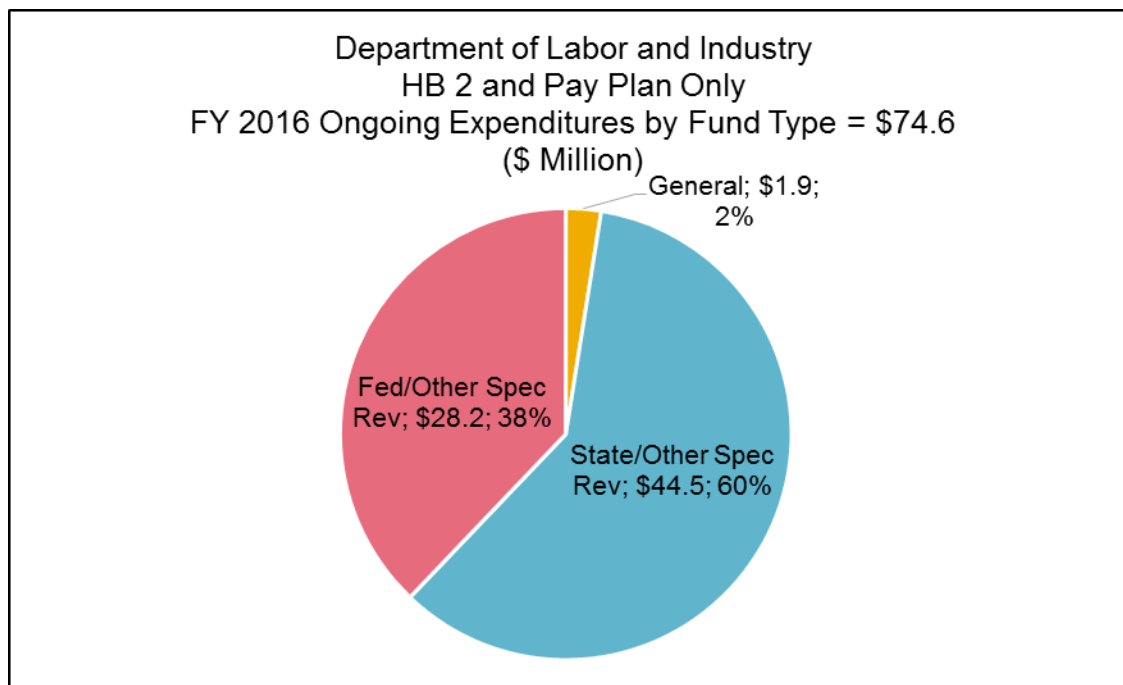


FUNDING

The Department of Labor and Industry is predominately funded with enterprise, state special revenue, and federal special revenue funds. The chart below shows FY 2016 actual expenditures by fund type for all sources of authority.

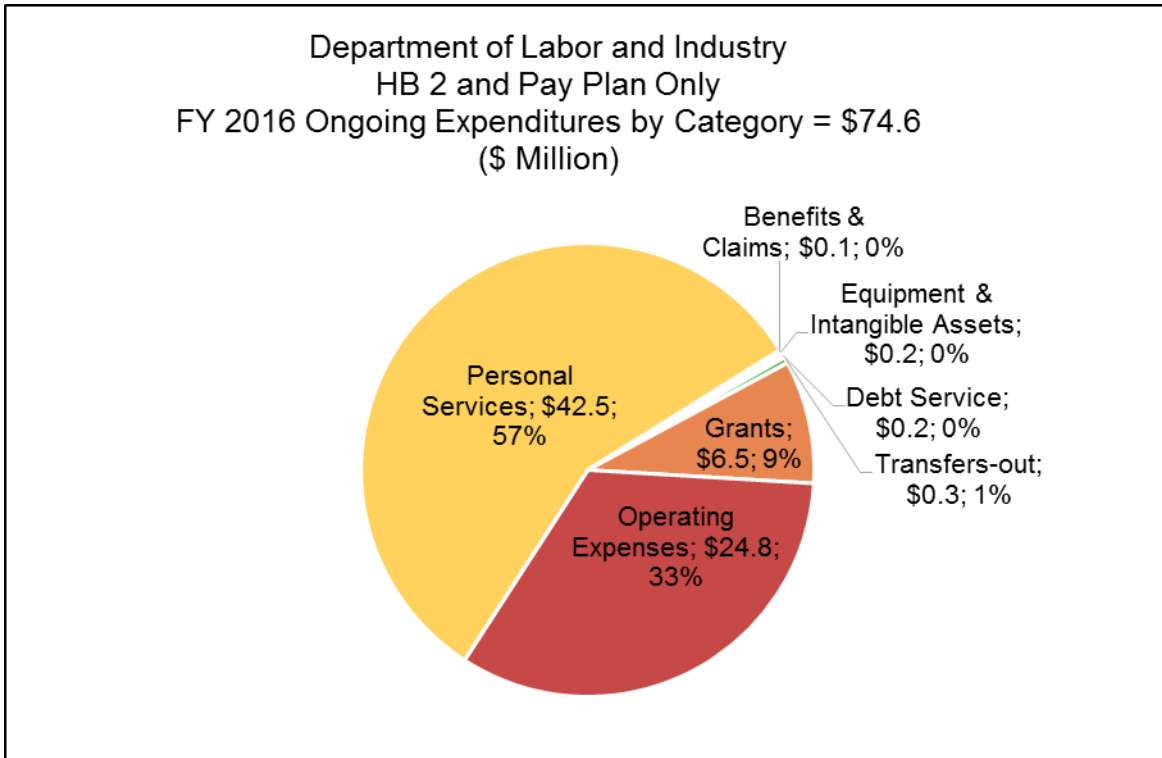


The chart below shows DOLI's HB 2 and pay plan expenditures by fund type which primarily consists of state special and federal special revenues.



EXPENDITURES

The chart below explains how HB2 and pay plan authority is spent.



HOW THE 2017 LEGISLATURE CAN EFFECT CHANGE

In order to change expenditure levels and/or activity, the legislature might address:

- Workplace safety regulations – although there is a body of federal regulation that governs workplace safety (e.g., OSHA), state government also has the opportunity to regulate workplace conditions and determine how those regulations will be enforced. Addressing the definitions of workplace regulations as well as the frequency and manner that regulations are enforced and defining the remedies and sanctions related to violations may influence activity of the Department of Labor and Industry. All of these affect the DOLI's work in this area, including hearings activity.
- Human/civil rights protections – addressing the regulations, protections, and remedies or sanctions in this area may change DOLI activity. There are rights and protections that are a matter of federal regulation, but state regulations may provide broader coverage than the federal regulations.
- Unemployment benefit eligibility and employer taxation – while much of the unemployment benefits system is driven by federal regulation (U.S. Department of Labor), each state has the authority to define the eligibility criteria for benefits, the benefit levels for eligible recipients, and the tax schedule that employers use in contributing to the unemployment insurance trust fund. Therefore, addressing the definitions of eligibility, benefit levels and tax schedules can change DOLI activity.
- Building codes/weights and measures – the regulations that govern building codes as well as weights and measures include a body of state statute that defines both the standards as well as the frequency and content of inspections and enforcement. Each of these definitions can be addressed in order to change department activity in this area.
- Number of professional/occupational licensing boards – presently DOLI provides administrative support for licensing boards and programs. The regulations that govern these boards and programs, as well as the potential for additional areas to regulate, are a function of how the state defines its responsibilities in this area. DOLI activity may be addressed through these definitions and through decisions regarding the number professions/occupations the state regulates and oversees.

- Accessibility of job service programs – in order to deliver employment agency and job training programs to dislocated workers and employers, DOLI operates Job Service centers across Montana. Addressing either the number of centers in operation and/or the level of program offered at each center may change DOLI activity in this area.

MAJOR COST DRIVERS

Activity for the Department of Labor and Industry varies depending upon:

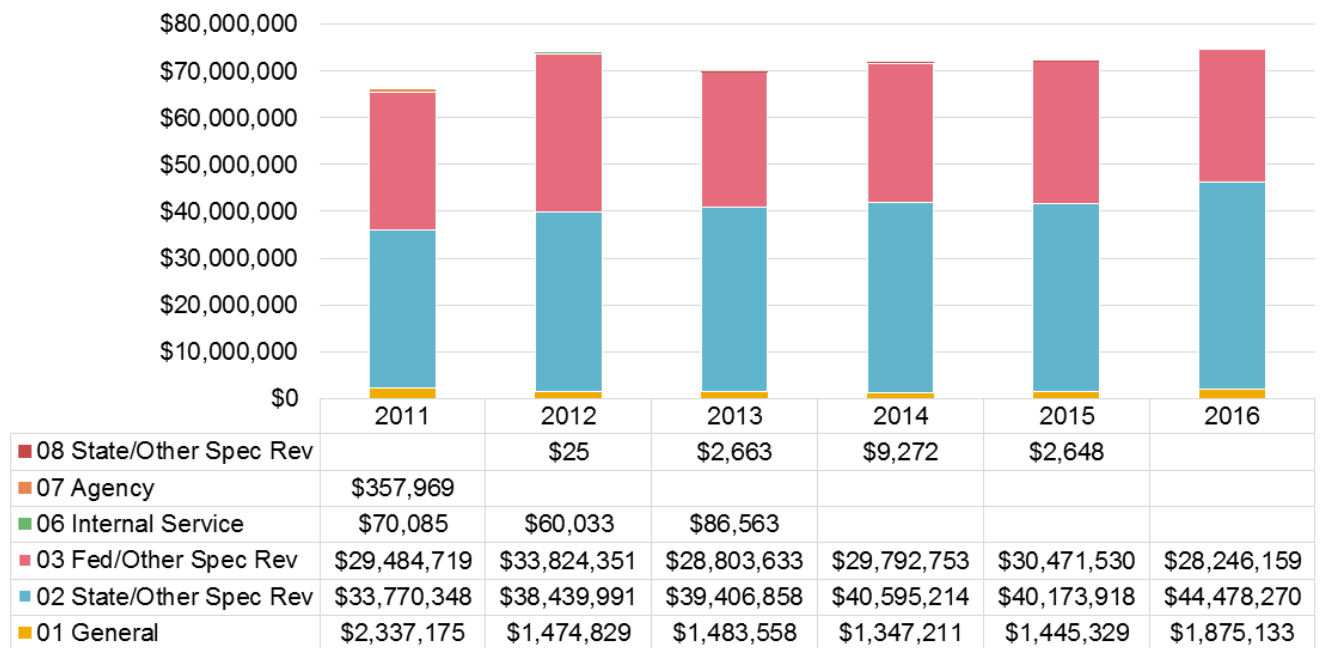
- Level of unemployment within Montana
- Number of Montanans seeking employment
- Number of licensed businesses and professions
- Number of injured workers in Montana
- Number of workers' compensation court trials

Element	FY 2014	FY 2016	Significance of Data
Montana unemployment rate	5.20%	4.10%	Influences job service programs and unemployment benefits administration
Unemployment benefits paid	\$135.0 million	\$119.2 million	Indicates demand for benefits administration
Workers receiving training	2,235	2,338	Indicates demand for job services programs
Total number of jobseekers	120,222	100,666	Indicates demand for job services programs
Workers' compensation claims filed	25,448	24,598	Indicates demand for services
Weights and measures inspections	19,530	17,434	Indicates demand for services
Licensed devices	23,888	24,024	Indicates demand for services
Building inspections	51,810	52,631	Indicates demand for services and workload over time
Number of professional and occupations licensing boards	33	33	Indicates demand for services and workload over time
Number of AmeriCorps members	345	404	Indicates demand for program and changes to workload
Workers' Compensation Court trials, hearing, and reported conferences	76	53	Indicates demand for services and insight into changes to workers' compensation claims and regulations

FUNDING/EXPENDITURE HISTORY

The following table shows historical changes in the agency's funding and expenditures.

Department of Labor and Industry Historical Expenditures



MAJOR LEGISLATIVE CHANGES IN THE LAST TEN YEARS

Major changes in the last ten years include:

- 2015 Legislature
 - The Legislature revised the fund structure and budgetary process for the Board of Accountants. An enterprise fund was established and statutorily appropriated for use by the board rather than the state special revenue account.
 - The Legislature increased the percentage that may be assessed against workers' compensation insurers for the administration of the workers' compensation act and created a new assessment for administering occupational safety and health laws.
- 2013 Legislature
 - The Legislature enacted numerous revisions to the workers' compensation laws in Montana. An appropriation of \$851,000 state special revenue for the costs associated with implementing these changes was made in HB 2 and included an addition of 1.50 FTE.
- 2009 Legislature
 - The Legislature appropriated funds received by the state from the federal government under the American Recovery and Reinvestment Act (ARRA) of 2009. The Department of Labor and Industry was provided \$15.3 million in federal fund spending authority for worker and community benefit programs including worker training programs, special assistance to workers displaced by trade activities, re-employment services, job search assistance, funding for community service programs, and funding for the modernization and administration of the Unemployment Insurance Program.
 - The Legislature codified the Incumbent Worker Training Program at the Department of Labor and Industry.
 - The Legislature revised the Workers' Compensation Act regarding independent contractor laws which included the ongoing process of scanning and indexing all documents.

- The Legislature revised the Workers' Compensation Act on exemptions, claims examiners, and safety funding and required the establishment of a program to certify, maintain documentation, and approve training for claims examiners.
- The Legislature provided for substitution of the Workers' Compensation Court judge in the event of a recusal by the Workers' Compensation judge.
- 2007 Legislature
 - The Legislature reduced the state unemployment tax and increased the employer security account tax. The state unemployment tax rate schedules were reduced by .25%, lowering the average tax rate from 1.37% to 1.12%. The bill increased the employer security account tax rates by 0.05% for experience rated private employers, 0.04% for governmental experience rated employers, and 0.03% for reimbursable employers to generate additional revenues to be used for administration of the unemployment insurance program.
 - The Legislature required at least one representative to be a military veteran in the membership of the State Workforce Investment Board.
- 2005 Legislature
 - The Legislature revised the requirements for certification of independent contractors. The legislature appropriated \$1.6 million and added 6.00 FTE in HB 2 in the Employment Relations Division.

For more information on the agency, please visit their website, here: <http://dli.mt.gov/>.